

## 290 - HEALTH MAINTENANCE ORGANIZATION HEALTH PLANS ISF

### Operational Summary

#### Description:

The Health Maintenance Organization Health Plans Internal Service Fund (ISF) provides health benefits to employees, retirees, and their dependents enrolled in health plans covered by Health Maintenance Organizations (HMO).

#### Strategic Goals:

- Fund 290 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

#### FY 2005-06 Key Project Accomplishments:

- This fund was converted per recommendation of the Auditor-Controller from a trust fund to an ISF.
- Medical inflation (trend) continues to rise causing an increase in HMO health rates. The CIGNA Health Plan contract was renegotiated to hold the health plan rates for 2006 at the 2005 level saving the County approximately \$1.2 million dollars for 2006 in health plan premium costs.

**Health Maintenance Organization Health Plans ISF** - The Health Maintenance Organization Health Plans Internal Service Fund (ISF) provides health benefits to employees, retirees and their dependents enrolled in health plans covered by Health Maintenance Organizations (HMO).

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	80,953,073
Total Final FY 2006-2007	88,051,971
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Fund 290 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

#### Changes Included in the Base Budget:

Medical inflation (trend) continues to rise causing an increase in medical, hospital, and prescription drug costs. These rising costs are reflected in an increase in health plan rates.

## Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06		Actual Amount	Percent
Total Revenues	0	84,927,391	85,090,098	88,051,971	2,961,873	3.48
Total Requirements	0	84,927,391	80,953,073	88,051,971	7,098,898	8.77
Balance	0	0	4,137,025	0	(4,137,025)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Health Maintenance Organization Health Plans ISF in the Appendix on page A214

## Highlights of Key Trends:

- Medical inflation (trend) continues to rise causing an increase in medical, hospital, and prescription drug costs. These rising costs are reflected in an increase in County health plan rates as well as other employers.

## 290 - Health Maintenance Organization Health Plans ISF

### Operation of Internal Service Fund 290 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING INCOME</b>					
7710	Insurance Premiums	0	83,465,013	85,506,304	85,506,304
<b>Total Operating Income</b>		0	83,465,013	85,506,304	85,506,304
<b>OPERATING EXPENSES</b>					
Other Charges					
3500	Judgments and Damages	0	1,820	0	0
3520	Insurance Claims	0	80,951,254	88,051,971	88,051,971
<b>Total Operating Expenses</b>		0	80,953,074	88,051,971	88,051,971
<b>Net Operating Income (Loss)</b>		0	2,511,939	(2,545,667)	(2,545,667)
<b>NON-OPERATING REVENUE</b>					
7950	Adjustments Due to Reclassification	0	1,625,085	0	0
<b>Total Non-Operating Revenue</b>		0	1,625,085	0	0
<b>Net Non-Operating Income (Loss)</b>		0	1,625,085	0	0
<b>Income (Loss) Before Contributions &amp; Transfers</b>		0	4,137,025	(2,545,667)	(2,545,667)
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
<b>Income (Loss) Before Contributions &amp; Transfers</b>		0	4,137,025	(2,545,667)	(2,545,667)
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		0	4,137,025	(2,545,667)	(2,545,667)
<b>Net Assets - Unrestricted - Beginning of Year</b>		0	0	2,545,667	2,545,667
<b>Net Assets - Unrestricted - End of Year</b>		0	4,137,025	0	0